

FISCAL NOTE

HB 416 - SB 443

April 14, 2004

SUMMARY OF BILL: Requires highway construction contracts entered into by the Department of Transportation to be divided into at least three separate contracts. Separate contracts would be required for 1) clearing, grading and drainage, 2) structures, and 3) surface base and paving. Under the provisions of the bill, multiple contracts could be awarded to the same vendor. Only contracts entered into or renewed after July 1, 2003 would be subject to these provisions.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$100,000 One-Time
\$1,100,000 Recurring**

Other Fiscal Impact - The state may realize some savings from increased competition for portions of contracts that are currently bid as a single contract. The fiscal impact of increased competition cannot reasonably be quantified.

Estimate assumes:

- 150 contracts advertised for and 75 actually awarded in conjunction with the provisions of this bill.
- Increases in state expenditures would occur for increased advertising for bids and final settlement, increased in contractor mobilization, increased bonding and surety costs, increased contractor cost due to delays caused by other contractors.
- The effective date of the bill will be amended from July 1, 2003 to July 1, 2004 to account for the constitutional prohibition against impairment of existing contracts.
- The one-time increase in state expenditures will be for plans on approximately 200 projects to be changed.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director